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**DAVID PACKARD**

## **CPR – BREATHING NEW LIFE INTO CALIFORNIA GOVERNMENT Testimony by Carl Guardino, President and CEO**

On behalf of the Silicon Valley Manufacturing Group and its 195 Member Companies, who employ a quarter of a million workers just in Silicon Valley alone, it is an honor to serve on the CPR's Procurement and IT Expert Witness Panel.

First, I would commend the Governor, and each of you, for taking on this massive – and vitally important – effort. We must do all we can to deliver government services in a way that is fair, efficient, cost-effective and customer friendly. A significant percentage of the CPR's 1,100 recommendations further achieve that objective.

In my five minutes of public testimony, I will only have time to touch upon 34 of those recommendations. And, in keeping with the Olympic theme of the past two weeks, I will try to impart to you which of those 34 recommendations are "Tens," and which are "Ones."

I have only four-and-a-half minutes left, so let's get started.

In the area of Procurement and IT, I would offer the following thoughts:

1. Strong support for Reference Points SO-05 and SO-07 as it relates to State Enterprise Architecture and the need for Uniform, Statewide Data Management Standards and Guidelines.
  - These reference points warrant support for several reasons: They provide for on-going competition with each new bid. They help prevent the State from getting "stuck" if a vendor goes out of business. They lower the State's software costs for maintenance because alternatives are available. They provide for breadth of function to satisfy the State's diverse needs.
2. Strong support for Reference Points SO-04, SO-21, SO-29, SO-30 and Chapter 7 for I.T. Item Number Three.
  - These reference points deserve support also for several reasons: First, there is amazing versatility and potential savings here. These offerings should include: Statewide e-mail, Statewide infrastructure for file and print serving, State infrastructure for e-forms and work flow, State Web Serving and web site creation tools, and Statewide infrastructure for security.
3. Strong support for Reference Point SO-02b and c, as it relates to technology governance. This provides a Chief Information Officer with budget and project authority, and the accountability to accompany it.
4. Strong support for Reference Point SO-15 relative to voice over Internet protocol. This deserves support for numerous reasons, including the facts that: Voice over IP is a way to dramatically lower the billions of dollars the State is spending on telecommunications; IT will effectively allow the state to share infrastructure with data systems, offer far more product capabilities for call centers, and lower the overall costs of telecommunications.

Areas of the report that I would respectfully oppose are as follows:

1. The suggestion to "Explore Open Source Alternatives. Procurement decisions should be based on the merits of the technology, not whether its open source or commercial. Our members do not believe that the total costs (acquisition and

administrative costs) of open source are necessarily cheaper than proprietary software, nor do we think one is necessarily more secure than the other. Hence, it is in the best interests of California taxpayers that these procurement decisions not be prejudged based on the method of software development. Rather, these procurement decisions should be based on a combination of performance, security, value and cost of ownership.

2. The suggestion to “Allow advertising on the California state portal as a means of self-funding” is also troubling. First, advertising is not the role of government. Instead, California needs to streamline its operations and provide efficient electronic services. Second, it may cheapen the image of the state as “for sale to the highest bidder,” which is not a California initiative. Finally, it creates an image that the “advertiser” is somehow “authorized” by the government and carries more favor.

In other areas of the report, I would quickly offer the following thoughts:

1. Strong support for Reference Points INF-22 and 23, as it relates to Energy. Even after the 2001 blackouts, California still lacks an integrated energy plan to meet our generation, transmission, conservation and efficiency needs. The CPR suggests strategies to ensure that we build a sufficient supply of reliable and affordable power. Specifically, it calls for a unified permitting authority to site power plants and transmission lines. It also calls for the consolidation of energy efficiency and conservation programs.
2. Strong support for Reference Points RES-20, as it relates to Environmental Resources. A healthy environment is key to our quality of life. The CPR recognizes this, and takes steps to ensure that state workers have the authority, resources and responsibility needed to follow-through on this promise. For example, those responsible for Hazardous Materials and Hazardous Waste should be under the Department of Environmental Protection, instead of spread out in different branches of government. This would better serve the public, empower state workers, assist regulated employers and hold companies accountable.
3. Strong Support for Reference Points GG-17, as it relates to Tax Policy and the Business Climate. California needs more manufacturing jobs, not just lower-paying service jobs. California’s manufacturing employees are paid, on average, \$25,000 more per year than service-sector workers. Yet California continues to be among the least friendly states to do business: The cost of doing business in California is the third highest in the country, with composite tax and business costs 32 percent higher than the national average. The CPR notes the negative impact not just on job-providers, but on California workers and our economy. It calls for a five percent sales tax credit for purchases of manufacturing and telecommunications equipment. Currently, 38 other states – our competition - offer an exemption for such purchases.
4. Strong Support for Reference Points ETV-03, 10, 25, 26 and 27 as it relates to Education, Training and Volunteerism. Too many kids drop out of high school, and too many who graduate do not have the education and skills needed to compete for decent-paying jobs. In addressing the former, CPR acknowledges alternative paths to graduation and that students need a broad skill set to be successful. We must also align education and skills to employment needs. An example is California’s chronic nursing shortage – a great career that provides outstanding pay and a key service to every Californian. The CPR recognizes the crucial role our Community Colleges play, and how to strengthen that role.

Thanks again for allowing SVMG to participate in this important process. Please feel free to call on us again on this, or any section of the report, as we move forward.